



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**22 VAC 40-661 – Child Care Program  
Department of Social Services  
December 9, 2011**

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### **Summary of the Proposed Amendments to Regulation**

The State Board of Social Services (Board) proposes to amend its regulations that govern the non-mandated child care subsidy program to facilitate a new statewide child care automation system. The Board specifically proposes to add a number of definitions and add some requirements now in guidance language into regulation. The Board also proposes several substantive changes: 1) the Board proposes to reduce the number of days from initial application to beginning date of service payment from 45 to 30, 2) mandate that Local Departments of Social Services (LDSS) have a 72 month limit on child care subsidy payments and 3) require that applicants for child care subsidy be at 18 years of age.

### **Result of Analysis**

Benefits likely outweigh costs for most changes. Costs and benefits will not be significantly altered for one proposed change and costs will likely outweigh benefits for one proposed change. There is insufficient information to ascertain whether benefits outweigh costs for one proposed change.

### **Estimated Economic Impact**

Many of the changes that the Board proposes for these regulations will not alter how this child care subsidy program is administered. Definitions for “ADH” and “SNAP” are being added, for instance, so that interested parties will be better able to understand regulatory text. Changes like these are likely to have no costs attached. To the extent that these changes clarify the requirements of these regulations, regulated entities will benefit from them. In addition to these instructive changes, the Board proposes several substantive changes.

Currently, LDSS have 45 days to process applications and start child care subsidy payments. The Board proposes to reduce this time to 30 days. This change will likely benefit subsidy recipients as they will receive that subsidy several weeks sooner than they might under current regulations. This change, however, will likely increase LDSS workload in this area given that they will have to process applications more quickly. Assuming that LDSS workers are already working efficiently and that no additional workers are hired to compensate for this decrease in time allowed to process applications, workers will likely have to compensate for this proposed change by putting off other tasks. These delays will likely have costs attached. There is insufficient information to measure any costs against the benefits that will likely accrue to child care subsidy recipients.

Current regulations allow LDSS the discretion to set a 60 month limit on child care subsidies received by any given family. The Board proposes to replace this with a mandatory 72 month limit for all LDSS. This change will likely neither reduce nor increase the amount of money dispensed by LDSS but may allocate it to different families than it would absent this regulatory change.

There is no restriction on the age of parents that may apply for child care subsidies in current regulation. The Board proposes to require that applicant parents be at least 18 years old. Board staff reports that it is not the Board's intention to deny subsidies to underage parents and that the Board intends there to be a process for the parents or guardians of underage parents to apply for the subsidies instead. Proposed regulatory text does not, however, make clear that this is the Board's intention. Additionally, the regulatory text as proposed imposes an outright ban on individuals under 18 applying for a child care subsidy. This means that underage parents who do not have an adult who is legally responsible for them would be precluded from taking advantage of this subsidy program. DPB has pointed this out to Board staff and they have indicated that the Board will reconsider this language before the final stage of this regulatory action.

## **Businesses and Entities Affected**

These proposed regulatory changes will affect all 120 local Departments of Social Services, all parents that receive subsidies through this program and their children and all child care providers that are paid with subsidies from this program.

## **Localities Particularly Affected**

No locality will be particularly affected by this proposed regulatory action.

## **Projected Impact on Employment**

This proposed regulatory action is unlikely to have any effect on employment in the Commonwealth.

## **Effects on the Use and Value of Private Property**

These proposed regulatory changes are unlikely to affect the use or value of private property in the Commonwealth.

## **Small Businesses: Costs and Other Effects**

No small business is likely to incur any costs on account of this regulatory action.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

No small business is likely to incur any costs on account of this regulatory action.

## **Real Estate Development Costs**

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the

type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.